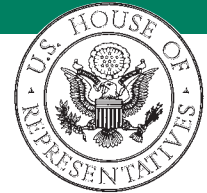




CONGRESSMAN
**FRANK
PALLONE**



REPORTS TO SENIORS

Medicare Rx Bill a Missed Opportunity

Pallone Opposes Any Attempts to Privatize Medicare

President Bush and the Congressional Republicans missed an opportunity to provide relief to America's seniors when Congress recently passed a Medicare reform bill disguised as prescription drug legislation. The bill, H.R. 1, attempts to weaken the Medicare program and falls short of meeting the needs of seniors.

H.R. 1 provides woefully inadequate prescription drug coverage. Due to a giant gap in coverage in which seniors receive no assistance with costs between \$2,250 and \$5,100 annually, about half of all seniors will not have drug coverage for part of the year, even though they will continue to pay monthly premiums. (*See chart.*)

H.R. 1 also does nothing to reduce the cost of prescription drugs. The bill prohibits Medicare from using the bargaining power of 40 million seniors to negotiate lower drug prices. Invariably, drug companies will continue to reap enormous profits and seniors will continue to expe-

rience 18 percent annual price increases on the drugs they need to remain healthy.

The Medicare bill pushes seniors into private plans through either HMOs or PPOs. The bill gives the companies \$17 billion as a way to entice them into providing seniors coverage. Under this plan, seniors' assistance would be in the hands of HMOs and PPOs, the very companies that dropped more than 200,000 seniors in New Jersey from their rolls last year after concluding they were not profitable.

I support adding a real prescription drug benefit to Medicare in order to help seniors with the high cost of their medications. As Chairman of the House Democratic Caucus Health and Medicare Task Force, I have played a leading role in the fight to provide a guaranteed prescription drug benefit under Medicare that is affordable, meaningful, and available to all seniors.

Under the Democratic plan that I helped draft, seniors would



receive a defined benefit within the Medicare program providing substantially more assistance than H.R. 1. My legislation also gives Medicare the ability to negotiate on behalf of America's seniors for more competitive drug prices. More importantly, seniors would be able to continue making the choices that matter -- including the ability to obtain any drug their doctor says they need at reduced prices, and the freedom to choose their pharmacy.

Congress owed it to our seniors to protect the Medicare program, and to provide a prescription drug benefit that American seniors want and need. The Republican proposal fails seniors by weakening the Medicare pro-

gram in favor of protecting the drug industry and the health insurance industry. I came to Congress to strengthen Medicare. Please know that I will continue to fight these privatization efforts and work for a fair and affordable prescription drug benefit under Medicare.

What Does This Mean to You?

| Annual Drug Costs | H.R. 1 <i>Includes average \$35 monthly premium</i> | Pallone's Bill, H.R. 1199 <i>Includes average \$25 monthly premium</i> |
|--------------------------|---|--|
| \$1,000 | Insurance Pays: \$562.50 You Pay: \$857.50 | Medicare Pays: \$720.00 You Pay: \$580.00 |
| \$2,000 | Insurance Pays: \$1312.50 You Pay: \$1107.50 | Medicare Pays: \$1520.00 You Pay: \$780.00 |
| \$3,000 | Insurance Pays: \$1500.00 You Pay: \$1920.00 | Medicare Pays: \$2320.00 You Pay: \$980.00 |
| \$5,000 | Insurance Pays: \$1500.00 You Pay: \$3920.00 | Medicare Pays: \$3920.00 You Pay: \$1380.00 |



Improving Veterans Health Care



At a time when we have thousands of troops overseas in Iraq, Afghanistan, and elsewhere, and new veterans coming home every month, we must fulfill our commitment to providing necessary health care to those brave men and women who have served our country. It's important that veterans know these benefits will be there year in and year out.

That is why I am a cosponsor of legislation that would auto-

matically adjust veterans' health care funding each year to reflect changes in the rate of inflation and the growth of enrollees. Currently, the Department of Veterans Affairs (VA) is facing record increases in enrollees (71 percent since 1996), and staggering inflation for hospital and related services (32.7 percent).

Earlier this year, veterans in New Jersey and across the country were rightfully disappointed when a Republican appropriations bill eliminated \$1.8 billion in promised veterans health care funding. Fortunately, \$1.1 bil-

lion was restored in a final bill funding veterans' services, but that's \$700 million short of what the VA needs.

It's simply unacceptable to me that veterans are now waiting for an initial appointment at VA medical centers around the nation, and I'm committed to ensuring that future veterans' health care benefits do not fall victim to annual appropriations battles.

H.R. 1 is a Bad Deal for New Jersey's Seniors

The Medicare bill poses particular harm to the 1.1 million seniors in New Jersey:

- The 220,000 NJ seniors currently enrolled in PAAD and Senior Gold, NJ's pharmacy assistance programs, will face disruptions in coverage and will likely receive less drug coverage than they do now.
- Approximately 94,000 NJ retirees will lose their employer-based prescription drug benefits.
- 51,980 NJ seniors will pay more for Part B premiums due to means testing.
- The 152,100 low-income NJ seniors enrolled in both Medicare and Medicaid will receive fewer benefits than they currently receive under Medicaid.
- 92,350 fewer seniors in NJ will qualify for low-income protections because of the assets test and lower qualifying income levels.
- Approximately one million New Jersey Medicare beneficiaries will see their Part B deductibles rise faster than their Social Security benefits.

Rep. Pallone's District Offices — Reaching Out to You

If you have a problem of a federal nature or want to obtain information on legislative issues, contact these offices, open weekdays 9:00 a.m. to 5:00 p.m.

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CONGRESSMAN

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*Reports to
Seniors*

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Official Business



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